

Town Meeting



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Is Advertising Responsible for Our High Standard of Living?

Moderator, GUNNAR BACK

S p e a k e r s

NADINE MILLER

HARRY GIDEONSE



—COMING—

—June 9, 1953—

**Shall Hawaii and Alaska Be Admitted
to Statehood?**

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THE SPEAKERS' COLUMN

NADINE MILLER—Vice-President of C. E. Hooper, Inc.; President of the Advertising Women of New York. Nadine Miller was born and brought up in Kansas City, received her B. A. from the University of Kansas, and then went west to do graduate work at the Universities of Wisconsin, California and Colorado. Upon completing her studies, Miss Miller lectured at the Universities of Kansas, Drake, UCLA, Denver and Stanford. A job as Director of Public Information for the public schools of Kansas City, Missouri, served as a bridge between the educational field and her present position as Vice-President and Director of Press and Public Relations for C. E. Hooper, Inc. For the radio rating service, she edits "Hooperatings Hi-Lights," a client service bulletin, works with the radio, market research and business schools of 78 universities and colleges, and directs the Hooperatings press service to the radio and television editors of the nation. Outside of C. E. Hooper, Inc., Miss Miller contributes her time to the Advertising Women of New York of which she is President, the Committee on Women in Public Relations and American Women in Radio and Television.

DR. HARRY D. GIDEONSE—President of Brooklyn College. Dr. Gideonse was born in Rotterdam, The Netherlands, and came to the United States at the age of four. After receiving a B. S. degree from Columbia College he did graduate work at Columbia University and at the University of Geneva, Switzerland. From 1926 to 1928 he was Director of International Student Work in Geneva, returning to the United States to assume the duties of Assistant Professor of Economics at Rutgers University, 1928-30. From 1930-38, Dr. Gideonse was Associate Professor of Economics and Director of Social Science Courses in the College, University of Chicago. That year he became professor of economics and chairman of the department at Barnard College and in 1939 was named President of Brooklyn College, the post he currently holds. Dr. Gideonse was American Editor of the International Economic Review from 1928-39 and he is the author of several books on international economics. Other "outside" activities have included his active participation in the work of Freedom House, the Woodrow Wilson Foundation, UNESCO and the Commission to Study the Organization of Peace. Long interested in the use of broadcasting for educational purposes, Dr. Gideonse has often appeared on network discussion programs.

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Is Advertising Responsible for Our High Standard of Living?

Announcer:

Tonight in this Town Meeting from ABC's studios in New York, we turn our attention to the subject of advertising and its effect on our standard of living. It provides us with an appropriate occasion to pay tribute to the men and women who constitute the membership of advertising clubs in major cities throughout the country. In particular, we salute the Ad clubs affiliated with the Advertising Association of the West which celebrates its golden anniversary at its San Francisco convention beginning June 21. One of the oldest advertising groups in the nation, the association pioneered in the establishment of codes and laws to assure truth in advertising.

It has helped to formulate better advertising courses in schools and to foster an understanding of its importance to our national economy and our way of life. Town Hall sends greetings to the forty-two member clubs of the Advertising Association of the West and the San Francisco Advertising Club, the host for its fiftieth anniversary meeting. Now to preside as moderator for tonight's discussion, here is ABC's well-known Washington news reporter, Gunnar Back.

Mr. Back:

America, we all agree, has a high standard of living—certainly in material things and in comforts. We have now come to a stage in that high standard of living, I think, at which it's worth taking some time as we will tonight on Town Meeting to have another look at the place of advertising in the American scheme of things.

We now have television and in television, advertising almost has a way of jumping out at us, grabbing at us nightly and frequently with a combination of sight and sound. The high standard of living and advertising in America brought television within reach of most of us—rich, middle class, or poor. At the same time, in television, advertising found a new outlet for its great vibrancy and impact. So the question tonight is: "Is Advertising Responsible for Our High Standard of Living?"

That's a tall order, but I think we have two speakers tonight who are equipped to meet the order. One of them is the vice-president of C. E. Hooper, Inc., Miss Nadine Miller. You've heard of Hooper ratings, I know. They are the soundings made to determine the size of radio and TV audiences and their preferences. You can therefore understand Miss Miller's interest in tonight's subject and her qualification for the affirmative. Miss Miller, a native of Kansas City, was educated at the University of Kansas and has studied at the Universities of Wisconsin, California, and Colorado. She has worked extensively in education.

Miss Miller is now president of the Advertising Women of New York. Dr. Harry D. Gideonse has been a teacher and professor of economics at Rutgers, at the University of Chicago, and at Barnard College. At Barnard, he was Chairman of the Department. Dr. Gideonse has been president of Brooklyn College since 1939. He is an old-time broadcaster on educational subjects. Our question again: "Is Advertising Responsible for Our High Standard of Living?" And

to say *yes*, here is Miss Nadine Miller.

Miss Miller:

Thank you. Friends, our topic this evening is: "Is Advertising Responsible for Our High Standard of Living?" The Answer is *yes*, as advertising has been and is the most important single factor contributing to a high standard of living we enjoy here in the United States—a standard so high that what are considered luxuries in other countries are accepted as everyday essentials here. Nowhere else in the world do people enjoy the wide selection of merchandise, the convenience of buying, the high quality, the low prices, and the ability by the whole general public to buy, that we do in the United States. What has been advertising's part in bringing this about?

Well, to paraphrase a popular song, *If I'd Known You Were Coming, I'd a Baked a Cake*, I knew you were coming, so I will bake you a cake. Now any good cook recognizes that certain ingredients are necessary to bake a cake; that they must be carefully measured and mixed; and that each has a particular function such as vanilla for flavoring, sugar for sweetening. All good cooks also know that, while they may bake an eggless or a sugarless cake, or such, there is one ingredient that is essential, and that is baking powder, or a leavening agent. Without that, the cake would not rise. Just so with advertising. It has served as the leavening agent in our free, competitive enterprise system.

As with the cake, we can have the finest production facilities in the world, the best possible means of transportation for the results of our production, but unless adver-

tising has created consumer desire and acceptance, causing the products to be sold, our entire economic system would be just as flat and worthless as a cake without the leavening agent. Unfortunately there are those who for one reason or another, and most of the reasons are selfish, would like to see just this happen, would like to see our way of life changed. They are full cognizant of the essential place that advertising has in maintaining our free enterprise system and the part it can play in the future progress of our country's economy.

They realize if through the spreading of misinformation concerning advertising they can hamper, restrict or stop advertising they could make a shambles of this nation faster than an atom bomb. So that we won't be misinformed let's take the next minute to examine what has been advertising's constructive values to human good. If we could whisk ourselves into space so as to get a good perspective of man's progress, we would see during the first thousand years or so man conquering man, man conquering the stubborn land and pushing out into new land, but the one thing that would stand out would be how little change there was from age to age. Designs and backgrounds merged, but the basic life pattern of no progress, no comforts, and little culture remained from century to century.

Then in the space of a heartbeat as time is reckoned, the world is changed. Cities, highways spring into being. People by the millions live in magic homes, homes where night can be turned into day, where the coronation of a queen half world away can be brought right into our living rooms, homes where good health, education, and comforts are regarded as neces-

ities, not luxuries. Scientists and inventors have given us the basic treasures, one by one, but it was a concept which began to develop in this country at the turn of the century that has set our progress apart from all others.

It was the concept that people are customers, customers whose wants are almost infinite if one develops and makes and sells things that people would like to have at prices they can afford to pay. World progress began when it was realized that consumer demand and acceptance are just as essential as the capacity to produce. We see production, distribution, necessary yes, but the introduction of these treasures to millions of people, their availability at a cost within reach of the average man; their very existence in your home and mine, are primarily due to advertising—the leavening agent for raising the standard of living.

Mr. Back: Thank you, Miss Miller. If I may say so, you have baked a cake and given us some food for thought. Dr. Gideonse, you take the negative. So here is Dr. Harry D. Gideonse.

Dr. Gideonse:

Thank you. Mr. Chairman, I think this topic is really unfair to Miss Miller. She has to prove an awful lot, when you want to prove that advertising is responsible for our high standard of living, or even as she qualified it a bit by saying it is the most important single factor explaining our high standard of living. I am not going to argue, of course, that advertising is not responsible for some people's high standard of living. Obviously, it is. But the topic is our high standard of living, not some people's.

And I also want to make it very clear that I am not saying any-

thing bad about advertising people. Some of the most delightful people I know are advertising people, and I don't propose to do anything about advertising by law or statute or any kind of a program of one sort or another. I am simply concerned about setting the records straight about advertising being fundamentally a rather unimportant feature of the American standard of living. The high standard of living of the United States is due primarily to very large geographical markets, unparalleled resources, a generally competitive economic system, and a corresponding use in production of science and technology.

Want to test that? Just turn it the other way around and ask yourself if we had a small geographical market, poor resources, a monopoly ridden economy, would any amount of advertising give us a high standard of living? Answers itself, doesn't it? Advertising is of almost no importance in most economic activities, because professional purchasing is the overwhelmingly largest part of economic life, and it's based on technical specifications and not on sex appeal or the search for some angle that will attract mass attention and distract your attention from the genuinely comparative statement of the quality of the product.

Advertising is, of course, of some importance to individual firms, to enlarge their share of the market. Where it is successful in this manner, it builds up a degree of monopoly control by the use of a brand or trade name. Advertising is of some importance in accelerating the introduction of innovations and in creating economic discontent, what the advertising men call consumer discontent, which of course is one of the ingredients re-

quired for economic progress. Unless people are a bit dissatisfied with what they have, they don't go to work to remedy it. On the other hand, it is also a negative factor. It leads to a lot of frustrated consumers who can't get what they have been taught to want.

In general, advertising has some interesting by-products in our American standard of living—radio, freedom of the press, in some measure. But it is essentially a luxury resulting *from* our high standard of living, and not a cause. Advertising expenditures are large in boom times and they are low in depression, and no one believes that a depression can be remedied by large advertising appropriations. The remedy is rightly sought in the area of broad economic policy. In other words, we ask questions about whether our monetary and our taxation policies were sound, whether we were following the right policies about monopoly or anti-monopoly and about tariffs and foreign markets.

We don't ask whether we have been spending enough on advertising or engage in a big advertising program to remedy a depression. The essential element in competition and in our high standard of living is price and not a protected brand name, protected by fair trade laws and advertising. More goods at lower prices in a competitive economy, that's the explanation of our high standard of living, and anyone can see for himself that price is almost the last thing to be found in advertising copy. Advertising is a luxury; it is not an essential; it has almost nothing to do with the high standards of living of contemporary America.

Mr. Back: Thank you, Dr. Gid-

eonse. I think we have a full bill of particulars now from both sides in our discussion tonight. I was wondering whether I could simplify it for our audience by using an example. I think we all agree that the Ford automobile, beginning as a model T, had a good deal to do with increasing the standard of living in this country, in a certain sense. I wonder if we might look at Henry Ford and his problems. Did advertising do the job for Henry Ford or would it have happened anyway, Miss Miller?

Miss Miller: Well, I believe that advertising did a very important job. As I said previously, there has to be consumer want created. We are not like children crying in the wilderness. People were perfectly satisfied with the carriages, buggies that they had. We did not instinctively know that we wanted a horseless carriage. We did not know that we needed cars until we were informed of what they could do for us. We just can't automatically know the value of a product.

I think if it weren't for advertising we would find, for instance, in Detroit where you have the production today of cars, you could have the finest production facilities in the world which they claim they have, you could have the best means of transporting them, but unless you have that consumer desire out there to buy them, you would just have a pile of very fancy metal lying in Detroit yet today. With Ford, I think he used a basic principle, which Dr. Gideonse brought out in his opening remarks and which I also said, that if you create a product at a price a person can afford to pay, then you have a market for it. I think that price is a very important part in your advertising, and Ford was

able to create; the need had been made known by advertising, but he also brought it within the price range of people so that they could afford to have it.

Mr. Back: Dr. Gideonse, do you feel that Henry Ford would have developed a production line and sold the number of cars he needed to develop it if there had been no advertising?

Dr. Gideonse: Well, as a matter of fact, the answer to that is in the fact that the Ford Motor Company didn't develop as a result of advertising. Advertising came into the Ford Motor Company after Henry Ford disappeared. The principle with which Ford advertised between quotation marks was by making it very clear that he was making a car at an incredibly low price, and that was news. You didn't have to pay any advertising man to get that across. The American public wanted cars, and when they were available at low price they bought them. If they had been made available at high price, they wouldn't have bought them.

Mr. Back: Miss Miller, do you want to comment on that?

Miss Miller: I was just wondering how Dr. Gideonse defines advertising. Is he limiting it only to paid national advertising in his discussion or is he considering all forms of advertising?

Dr. Gideonse: I am limiting it to paid. The fact that a man sells his product by making it very clear he has something to offer that is cheap, that is just competitive economy; that's not what I would call advertising. That's why I say the essence of our high standard of living is the competitive economy that has given us large production at low prices. That's the essence of it, not the advertising which of

course typically has to be also charged to the customer. The result is that when a product is advertised it always is an effort to prove to you that you pay just a few pennies more and get the better thing. In other words, they try to build up the illusion that you are getting something that is superior, therefore you ought to pay a little more for it.

Mr. Back: Of course the question that comes up is, which came first, the advertising or the low price? If the low price was established, how did the people get to know about it? Miss Miller, do you feel that advertising was the only way that could be done?

Miss Miller: Well, as I say, it is a matter of if it is sufficient news, if advertising is telling about your product. According to this, he would discount all public service advertising, all other types of advertising except paid space in newspapers or time on radio or television or something of that sort. To me, advertising is telling or getting the news about your product across to your consumer. Possibly we have a little different definition of advertising there.

Mr. Back: And when you get the news across to the consumer, how does that create low prices, Miss Miller?

Miss Miller: Usually, as more and more consumers buy something, the price can be lowered. We all know that mass production gives us lower prices. If we want to buy something expensive, we look for the handmade or the custom tailored or the original model of something, and we know instinctively that that has an expensive price tag on it. Mass production has in most cases been the reason for the lowering of prices. I say in most cases, because there is always an exception

to prove a rule, and if I said all cases somebody would probably tell me that bunion pads cost more, but then who wants mass production on bunions? So we'll let that one go.

Dr. Gideonse: The cause, of course, of mass production is the size of the market, not advertising. If you have a large market like, say, the United States, a whole continent, as compared to a country like Spain or an even smaller one, Portugal, you can afford to sell at a low cost per unit. That is an old principle on which capitalism has been built. As a matter of fact, the classical statement of course is 1776, Adam Smith's *Wealth of Nations*, that the only effective limit on division of labor, that is on mass production, is the size of the market.

He said nothing about advertising. As a matter of fact, if you look through that classical statement about what makes for prosperity in capitalist countries, Adam Smith, you will find in the index that there is not a single reference to advertising. It was not at all important to him in the development of his conceptions which are the classical conceptions on which capitalism has developed, and if you take a modern economist like Keynes of a more experimental school and take his general theory, and I did that this afternoon just to check on my hunch, if you go through the index there, you won't find the word advertising. Keynes did not regard advertising as in any essential aspect important to productivity or the wealth of nations.

Mr. Back: All right, Miss Miller.

Miss Miller: May I ask a question? If I were making clothespins in Maine, the very fact that we are so large geographically, how am I

going to get a large market for my clothespins, we'll say in California or Arizona?

Dr. Gideonse: Word gets around mighty fast if they are cheaper. That's an old principle.

Miss Miller: Do you mean the neighbor in Maine is going to tell the neighbor in Massachusetts and she is going to tell the one in Vermont and so I will have to wait how many years to get across to California?

Dr. Gideonse: Well, the answer to that question is how did it happen? How did American capitalism develop?

Miss Miller: Of course I realize I shouldn't have said clothespins, because the backyard fence is the best way to get news around.

Mr. Back: Dr. Gideonse, it seems to me that judging from the audience reaction the number of women who are here tonight haven't accepted your belief that if you have the low price the word gets around fast enough, even coast to coast. Will you elaborate on that?

Dr. Gideonse: I don't think their laughter means that at all, because as people doing their bargaining for the family, they very well know that they do not just run to a store that advertises, but they look at that store and then compare it with others and they go shopping where they find they get the biggest value for their money.

Mr. Back: Miss Miller, do you want to comment on that?

Miss Miller: I read a very interesting remark the other day put out by the oil industry. They said that one of their major problems was the fact that people were in cars when they were shopping for gasoline, so they would go a block or two out of their way in order

to get gasoline a bit cheaper, but if they had to walk by means of their own locomotion they were inclined to shop within a very small district. So that was one of their problems, that they had a much greater price competition because people were on wheels; when we are shopping for products I think that is where advertising becomes almost important.

If we only look at a Friday night newspaper, see all the advertisements of all of the grocery stores there and all you see featured is price, they will decide what they are going to buy at one particular store, where they are going to buy their meat, where they are going to buy this product or that product. I think we can tell by the size and the amount of ads in our Friday night papers that the Saturday shopping is done in the living room at home by means of the advertisements.

Mr. Back: May I turn to a number of the points made by Dr. Gideonse, tonight. Miss Miller? He has said that advertising did play some role in enlarging the market for some firms, but it ended up in the so-called fair trade practices by which a standard price is set and upheld. He said at another point that advertising played a role, yes, in accelerating some innovations but in the end created a good deal of emotional discontent among people who couldn't afford to buy things after the appeal has been made. Let's talk about the matter of brand names for a moment. Do you accept these arguments as valid?

Miss Miller: No, I don't. In the first place, people do not continue to buy any single brand simply because it is a brand name. There was a recent study made by the Pulse Organization, and I

shouldn't say that because they're our good competitors. Anyhow, they made a study as to why people changed brands. The first and most important thing was quality. I don't care how good advertising or how firmly entrenched your brand name is, if you do not satisfy the want of the customer you will not continue to sell over a period of time.

I think brand names are very important in that they do establish in the consumer's mind the fact that he has bought that brand, and if he finds it satisfactory and of the quality that he wants he will continue to buy it because he can depend on it. It is one of the most valuable assets that a company has, but I don't think that there is any monopoly established just by the fact that you have and advertise a brand name.

Mr. Back: Dr. Gideonse?

Dr. Gideonse: Well, of course, the whole purpose of the advertising is to establish a measure of monopoly by giving you the illusion that this particular cigarette, this particular car, this particular toothpaste, has unique qualities and that makes you willing to pay a somewhat higher price for it, and to that extent it is a monopoly if you are held by the spell of the advertising. It isn't a full monopoly, of course. There is a whole special vocabulary in economics that describes the partial monopoly that it is, and then of course that is backed by the people who own the brands going to the state legislatures and getting the state laws to establish by law the right of the manufactures to fix the price so that the retailer may not even sell it at a lower price if he should find it profitable to do so.

That kind of legislation which is

really monopolistic legislation is always called fair trade legislation because it is so unfair. You see that is why you stick the word *fair* on it so as to make the customers believe that somehow it is the opposite of what it really is intended to be. Now there is a measure there of monopoly. I don't think it is very serious. I don't think any economic consequences of advertising are very serious. That's why I am arguing it is not responsible for the high standard of living.

I don't believe that we necessarily have to do something about that if a customer is so easily mesmerized by copy in magazines and newspapers or radio or television as to just condemn himself to keep on buying a thing that he could get more cheaply somewhere else. I haven't got too much sympathy with him. Let him go; the other fellow can escape it and buy at a lower price somewhere else and he knows where to go, too.

Mr. Back: Miss Miller, do you want to comment on fair trade laws?

Miss Miller: Yes, I think that the fact that if another competitor can bring out another product that satisfies the consumers need at a lower price he will get the customers, even though it has been established that there is a certain fair price for a certain brand and it cannot be sold at any less. I believe also that that's what causes research and progress in the improvement and quality of the products that you are getting, because they do have to meet competition and they know constantly that they cannot sit back on their haunches and say, I am satisfied, I've got the market cornered. Tomorrow morning somebody can come out

and take the market right away from them.

Mr. Back: Dr. Gideonse, do you want to comment further on that or shall I raise another question? I am always told that free choice is very basic to our high standard of living. If we didn't have free choice, it wouldn't be worth anything materially or intellectually. Do you think that the advertisers can establish free choice for us?

Dr. Gideonse: Well, of course, they are forever trying to narrow your choice by making it plausible to you that all the other products aren't as good as this one. They are trying to focus the consumer's thinking on the special features of some one product so that they can then collect a higher price for that. That's why advertising is always linked with these fair trade law products. They want to fix the price, you see, and keep it there and then they pay for the advertising out of the wider retailers' margin that is protected by the law. That's the whole game. That's why it is a business that is very profitable, and I don't object to that. I mean if they find enough people to exploit that way it is still an open competitive American economy, and there are ways of escaping it, as everybody knows in practice.

What interests me much more is the other question that neither Miss Miller nor I responded to which you had a moment ago about the relationship of advertising to this thing that I originally called the creation of consumer discontent, which, of course, is a positive factor. You don't get economic progress until people are in a measure discontented. That's obvious. But you can push that also to the point where like the

American people today—now I am going to be very bold—the American people is an awful lot of people and there are lots of differences, but the American people today are the wealthiest in material terms, the wealthiest on the face of the earth, larger incomes per capita than have ever been seen in history, still they are not exactly, they don't make that impression on me, a happy people.

They are full of wants that go way beyond what they earn, and they are full of situations where the children will ask Daddy who now earns three times as much as he did twenty years ago, "Daddy, why are we so poor?" Why do they think they are poor? Because it is always thrown at them all day long that there are so many new things that they might have if only they had the means to buy them. That creates therefore on a relatively high level a sense of greater spiritual poverty, frustrated wants, and I think this keeping up with the Joneses business which is one of the more strenuous features of American life, is one of the most questionable aspects of our standard of living. It isn't all high. That's a questionable aspect of the standard of living, and advertising certainly has something to do with it.

Mr. Back: Well, Miss Miller, you have a good deal to work on now.

Miss Miller: Ours is an incentive society. We are not a paternalistic one at all. It is the incentive that has gotten us to where we are and we have to admit we have the highest standard of living, no matter how we look at it from a material standpoint, from comforts, from culture, from every angle. It was only attained because we could have in-

itiative rewarded. An inventor would have no reason for inventing a product or wanting to improve his product or do anything if he couldn't get it sold. It would mean nothing to him, and I think we have to have that incentive. If there are emotional disturbances there, I think we should look to the homes and other places, but I don't think it is due to advertising.

Dr. Gideonse: Well, surely advertising has something to do with the creation of consumer discontent. The idea that a typewriter might last you 15 more years but that somehow or other some little angle is played up that will make you feel discontented with this typewriter that had 15 more years of life in it, so you go and buy a new one. The creation of consumer discontent, as a matter of fact, is a very familiar chapter heading in advertising textbooks, and I am not arguing against it. I believe that a measure of economic progress requires consumer discontent, but I think the extent to which it is done in the United States can easily be regarded as a factor *qualifying* our admiration for it.

May I remind you, for instance, of the type of ethical teaching that Americans generally accept, at least orally, the teaching of Jesus, let's say, or the teaching of Socrates and the more secular tradition of Buddha? All of this teaching is like the familiar teaching of Gandhi—that freedom, moral and spiritual freedom, lies in the limitation of material wants. Now I am not preaching that, but I think it is a suggestive thing to keep in mind.

Mr. Back: Thank you very much, Dr. Gideonse. Miss Miller, Dr. Gideonse has just leveled a rather heavy indictment at advertising on the score of creating frustrations,

and before I turn to the questions I wonder whether you want to say something more about that in defense of advertising.

Miss Miller: Well, we all know that if we wanted to go back to the primitive age we could, that possibly nylon stockings are not essential, that we do not have to have a toothbrush, that we do not have to have a radio, and those various things, but I think that I have enough faith in the American public that they judge for themselves. What is satisfaction for one person may be a car; another person may want a boat; another person may want a dog; another person may have another desire. Advertising is reaching the masses, and again I say that we have to have incentive. We have to want things that we haven't had, otherwise we would be perfectly willing to live in poverty, and, frankly, to me that would be discontent.

Mr. Back: Each week Town Meeting presents a complete reference work, a handsome twenty-volume set of the American People's Encyclopedia to the listener who submits the most provocative and timely question pertinent to the subject under discussion. Tonight's question comes from Miss Carol C. Criukshank of 15 Monroe Place, Brooklyn 1, New York. Miss Criukshank's question is this: "Could there be a common factor in our background that is responsible for both our extensive advertising and our high standard of living in America but that does not necessarily indicate a causal relationship between the two?" Let me submit that first to Dr. Gideonse.

Dr. Gideonse: It's a very discriminating question, Mr. Chairman. I am glad it came from

Brooklyn. That gives me the illusion, at least, that it might come from one of our students, because the suggestion, of course, is a perfectly sound and a plausible one—that there may be no relationship of a causal sort at all between advertising and our high standard of living, but that, nevertheless, Americans think of them as related because of something that Americans have in common in their attitude toward those problems, and I think there is something in that.

All sorts of people came to this country for political reasons, for religious reasons, but overwhelmingly I think most of the immigrants that came from Europe to America came because they had a motive of improving themselves materially. They were the people who were economically motivated to get out from under in whatever the class structure was in Europe. To that extent, therefore, Americans in general would be disposed to think of advertising and high standards of living as related to each other because Americans as a group, compared to Chinese or Indians or Englishmen, would be more motivated by a strictly economic reason for doing things, and they, therefore, would think that's a plausible statement, that advertising caused the high standard of living.

Miss Miller: I can't agree that they came simply to improve their material way, because the pioneers who came over here and left the comforts of home, or our Eastern settlers who pushed out into the western lands, and the things that they had to suffer certainly didn't improve their material well-being. I think they had a spirit, a pioneering spirit, again going back to this

incentive idea which has set us apart from all other nations because we were willing to sacrifice and didn't consider just material wealth as bringing about happiness.

Mr. Back: Well, Town Meeting is coming to you tonight from

ABC studios in New York City. Nadine Miller and Dr. Harry D. Gideonse are discussing: "Is Advertising Responsible for Our High Standard of Living?" and now it is time to take our questions from the audience.

QUESTIONS, PLEASE!

Questioner: The first question to Miss Miller. Is advertising copy written to direct trends toward a better standard of living?

Miss Miller: I would think a good deal of it is. I would have to think it over a bit, but most copy, and this is based on a very fundamental fact, in fact you can find it clear back in the fourth chapter of Genesis, most people are interested in what a product can do for them and most advertising copy tells what the product can do for you in the way of comfort or culture or something of that type.

Questioner: Dr. Gideonse, would you name a good product or a beneficial way of life that has become widely used without benefit of some form of advertising?

Dr. Gideonse: Bread. The hardest thing in the world is to make advertising relevant to bread.

Questioner: Well, there's a lot of bread advertising.

Dr. Gideonse: Yes, but it doesn't have much bearing on the sales of bread.

Mr. Back: Do you want to comment on that, Miss Miller, or shall we go ahead?

Miss Miller: Well, frankly I think the research directors of the bread companies would disprove

that very fast or they would lose their jobs right now.

Questioner: Miss Miller, do you believe that all advertising helps to raise the standard of living? How, for example, do the pages and hours of tobacco ads accomplish this?

Miss Miller: Frankly, I would hate to see the men, and women too for that matter, have their tobacco taken away from them. They seem to consider it a comfort of life. But as I said previously, I won't ever go out on a limb and say all of anything, because there are always exceptions to prove every rule.

Questioner: I would like to ask Dr. Gideonse on what basis he states that the great bulk of the purchasing was either professional or technical purchasing rather than individual consumer purchasing. I just wondered how he substantiates that.

Dr. Gideonse: I think it's a pretty well-known fact that most of the buying for industry and most of the buying that is large scale is done by professional purchasing agents, and they do not read advertising copy with sexy girls on it or copy that tells them, with an appeal to some mass psychology angle, something that is utterly irrelevant to the qualities

of the commodity. They want to know how this thing stacks up in terms of tests of a chemical sort, in terms of durability, and they buy on specifications.

Questioner: Miss Miller, I understand the Russians do not use advertising. Is not this an important factor in their low standard of living?

Miss Miller: It would be my idea that it is, but not being behind the iron curtain, I wouldn't be able to tell you.

Questioner: Dr. Gideonse, if price and competition determine the sales of a product, how do people learn that there are competitive products and how much they cost?

Dr. Gideonse: They learn by the old-fashioned process of shopping around, and that is what lies at the origin of the whole history of capitalism—shopping around and finding where you can get good things at low price. And in those days when capitalism was being founded there was no advertising.

Questioner: Dr. Gideonse, how do you account for the fact that in grocery stores unadvertised brands don't sell? In fact, they won't stock them.

Dr. Gideonse: Perhaps that's the reason—they won't stock them.

Mr. Back: Is that all you want to say, Dr. Gideonse?

Dr. Gideonse: That's all I want to say, because that's begging the question, the question itself.

Questioner: Dr. Gideonse, wasn't there probably even more discontent when the majority of the population was really poor, before advertising increased the market for manufacturers and made possible increased employment and greater purchasing power?

Dr. Gideonse: All I can say on that is with reading the literature of colonial America, or say Abraham Lincoln's America, I do not have the impression that they were as unhappy with their standards of living as our people are today with theirs.

Mr. Back: Thanks very much. I am sorry that we have to conclude our questions at this point. Thanks very much, Miss Miller and Dr. Gideonse, for your most informative discussions. Tonight's questions and answers, as well as additional information on the subject, will be published in the Town Meeting Bulletin.

FOR FURTHER STUDY OF THIS WEEK'S TOPIC

Background Questions

1. What is the basic economic function of advertising? Is it essential to our economy?
 - a. Is it primarily a sales tool which permits the development of profitable demands?
 - b. Is it one of the vital links between mass production and mass distribution?
 - c. Does it provide the consumer with technical information to use in making intelligent choices in the market place? Or, is the advertiser a biased advocate of his goods?

2. Is advertising in any way directly responsible for our high standard of living?
 - a. Or, is it merely another manifestation of our economy and consumer economies in general?
 - b. Is advertising more a result than a cause of our high standard of living?
 - c. Does advertising raise the cost of living? If so, more or less than the standard of living?
 - d. Where advertising reduces the over-all selling cost, is the price to the consumer automatically reduced? If not, does he usually benefit in terms of a better product or service?
 - e. Are unadvertised products usually cheaper or more expensive than those nationally advertised?
3. Can advertising be utilized to avert a recession?
 - a. Is there a shrinkage in willingness to buy far in advance of a shrinkage in ability to pay?
 - b. Are advertising expenditures constant or do they fluctuate with and for the same reasons as other expenditures (business and personal) do?
 - c. Is constantly stimulating increased demand necessary to stave off unemployment?
4. Is there too much advertising?
 - a. In 1951, Pres. Harold E. Fellows of the NARTB said "the percentage of our national income diverted to advertising in all its forms is a vital American statistic . . . Take away this percentage and our economy would crash as quickly and as devastatingly as Rome fell in another era." Do you agree?
 - b. Is there a right to advertise implicit in our way of life?
 - c. Is advertising taxed? If so, to what extent? If not, should it be?
5. How effective is most advertising?
 - a. Is the competition for the consumers' attention, time and dollars, greater today than in the past?
 - b. Is advertising used to enlarge the individual firm's share of a given market? Or, does it constantly stimulate greater demands resulting in expanding markets?
 - c. Can advertising result in monopoly-building through the use of trade or brand names?
 - d. Is there any positive correlation between a firm's investments in advertising and product research?
 - e. How much have advertising rates risen in recent years? Can small businesses effectively compete with larger firms in advertising their products?
6. What kinds of advertising are most prevalent?
 - a. Is most advertising strictly informative, in that it just describes qualities and prices in simple straight-forward language?
 - b. Or, does much advertising stress and exaggerate trivial variations in products, thereby creating in the consumer an irrational preference?
 - c. Are techniques such as contests, jingles, and kindergarten appeals better sales builders than the informative and educational approach?

- d. Compare the types, relative costs and effectiveness of advertising in newspapers, magazines, radio and television.
7. What percentage of all advertising has been found fraudulent and deceptive?
 - a. Evaluate the work of the Federal Trade Commission and the Better Business Bureau in protecting the consumer's interests.
 - b. Can an advertisement as a whole be completely misleading, even though every single sentence is the literal truth?
 - c. What are some of the legal checks imposed on advertising for the protection of the consumer?
8. What are some of the social and psychological consequences of advertising?
 - a. Is there a constant discrepancy between the desires stimulated by advertising and the ability of the average consumer to fulfill them?
 - b. Do advertisers exploit the fears, frustrations and insecurities of the consumer by intimating that their products will bring love, happiness and security?
 - c. Are consumers being confused with mysterious ingredients that will do miraculous things, and incomplete statistics? (e.g. "53% more effective"—than what?)
 - d. To what extent is snob appeal ("discriminating people choose") being used to encourage competitive and unnecessary consumption?
 - e. Is intelligent budget-making (saving and spending) made more difficult by constant repetition that products cost "only \$1.00" or "only \$100"?
 - f. Does advertising provide a desirable incentive to better living standards?
9. An editorial in *Life*, 1/27/50, describing an advertising campaign by television set manufacturers, said "'child appeal' is a nice phrase for a kind of blackmail aimed at parents who do not have television in their homes."
 - a. What percentage of current advertising is aimed at children?
 - b. Is this a socially desirable type of advertising?
10. Are other values, besides the economic value of the product, fostered by advertising? Are these values always socially desirable?
11. Are advertisers becoming more aware of the public service aspect of their work? How has this awareness manifested itself?
12. What role has advertising played in the development of the press, radio and television?
13. Is advertising indispensable to the maintenance of free and independent media? Or, have advertisers and the businessmen they represent unduly influenced the operations of these media?
14. Evaluate the use of advertising in church activities, political and civic campaigns, etc.